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WHY I BELIEVE THE INTERSTATE COMMERCE COMMISSION SHOULD HAVE POWER TO FIX WAGES AND HOURS OF LABOR ON INTER-STATE CARRIERS

BY O. W. UNDERWOOD,
United States Senator.

You have asked me why I believe the Interstate Commerce Commission should have the power to fix wages and the hours of labor on interstate carriers.

I might answer you that the rights of society and the progress of civilization demand it. It would be a captious answer and yet it would tell the truth.

Since the dawn of civilization the laws have been written to protect the rights of property. Courts have been established to interpret the law and determine what man's rights were under the law. No one questions that a dispute about property should be finally settled in the courts. Should either side to such a controversy resort to force instead of the law the strong arm of the government would intervene and punishment would swiftly come to the party at fault.

Centuries have piled on centuries without the law's recognizing the right of labor in the aggregate to have a court determine what was a fair and reasonable wage, with the resultant effect that when labor was dissatisfied with the wage paid, its only recourse was to quit work. When there were few men employed and there was opportunity for other employment, this was not a serious hardship to the employer or to labor itself, nor did it endanger the peace, happiness and prosperity of the public at large. But when hundreds of thousands of men are engaged for work under the same terms and the same conditions, and are paid the same wage, then it is practically impossible for one of the men employed in such a service to secure a raise of wages, on his individual merits, as long as he remains in the service because the individual equation is lost in the necessity for uniform hours of service and rates of wage, and if he is not satisfied with the terms of his employment he can only separate himself from his occupation.

On the other hand, if the men engaged in certain occupations are united in a society or labor union for the improvement of their condition and the increase of their wages and they make demands on their employer that he is not willing to accept, the only recourse that they have, unless there is a mutual agreement to arbitrate the questions in dispute, is to declare a general strike, with all the resultant injury both to themselves and their employer: loss of wages and distressed conditions in the home on one side, and loss of business and the destruction of property on the other. And arbitration is merely the establishment of a court, not by law but by the parties to the controversy, to pass on the points at issue. Strike conditions are always wasteful of time and money, dangerous and disorganizing to human society even where they are localized in area and resultant effects. But when the controversy goes far afield and involves not only the man who earns his bread by his daily toil and the man who has his money invested in the property that is giving employment to labor, but also, as was threatened recently, when the public is more seriously affected by a war between labor and capital than is either labor or capital, then the time has come when neither of the primary parties to the controversy has interests involved that should be considered in preference to that of the public, which has a right to demand that in the settlement of all such controversies the public interests shall be fairly and justly considered. In controversies involving the hours of labor and the rate of wages on the great railroad companies of America, no one can deny the importance of the questions involved to the men who do the work. Nor can it be denied, since at least 43 per cent of the cost of operating and maintaining the transportation companies of the United States is labor cost, that the invested capital in these companies has great interests at stake in determining what is a fair and reasonable wage for its employees; especially when the employer has no power under the law to fix the price of the product of his industry, the law itself fixing the price for which transportation of passengers and freight must be sold.

To state the equation differently, the law, acting through the Interstate Commerce Commission of the United States, fixes the rates of transportation for freight and passenger service and limits the earning capacity of the railroad companies. It is, therefore, apparent that if the expenses of the railroad companies are greatly

increased, either by reason of increased interest on their bonded indebtedness, increases in taxes, increases in the cost of supplies, or increases in the rate of wages, a profitable business may be changed to an unprofitable one, success into bankruptcy; unless the Interstate Commerce Commission grants the transportation companies the right to increase their rates of transportation so as to meet as fully as may be necessary the increased cost of operation. If this is done, of necessity the increased cost falls on the public; the shipper and the traveler must bear the burden. When a controversy that involves the increased cost of transportation arises between employers and employes, surely the rights of the public are at stake as much as the rights of the principals to the controversy. Should these differences be settled as has been the case in the past without the opportunity for intervention on the part of the shipper and traveler, manifestly their rights have not been protected but have been ignored entirely.

For the interests of the immediate parties to the controversy and all of the rights for which they contend are not commensurate with those of the general public. You may say that the rates of wages on the inland transportation companies of the United States amount to more than the annual expenditures of the federal government. You may say that the capital invested in the railways of the United States amounts to more than fourteen billions of dollars. You may say that the daily wage paid to 1,800,000 railroad employes affects the lives of 8,000,000 people. On the other hand, you may say that the fourteen billions of dollars representing the capital of the railroads of the United States is not owned by a few millionaires, but is in the hands of the savings banks, the trust companies and the insurance companies of America; that the investment bank takes care of the savings of the frugal public; that the reserve funds of the insurance companies guarantee the policies that protect the homes of millions of the good citizens of the republic; that the trust company manages the estate of the widow and orphan. However, both sides of this controversy must pale into insignificance when you recall that the productive capacity of the industrial workmen of America amounts to more than thirty billions of dollars each year and that this productive capacity is of no value until it reaches the market of the ultimate consumer; markets which must be reached by transportation at least a part of the way over the railroad lines

of America. To stop transportation for an hour must of necessity paralyze industry for the same hour; to stop transportation for a week would not only stop industry for a week, but would throw out of employment millions of men who are dependent upon industry for their daily wage. To stop transportation for a month in the United States would not only destroy industry and deprive labor of employment, but would produce a scarcity of the necessities of life that would cause actual suffering to the hundred millions of people in continental United States. Therefore it would be idle to contend for a moment that either the labor or the capital employed in inland transportation has an interest in the matter of the stoppage for any cause of the movement of railroad trains that is at all comparable with the interest of the whole people of the United States.

And yet it is claimed by some in this twentieth century since the birth of Christ, in this day when both labor and capital encroach upon the rights of free men, that the only parties who are entitled to be heard in a controversy as to whether wages shall be increased or the hours of labor lessened are the men who work on the railroads and the men who represent the capital invested in the railroads; that for others to intervene is to interfere with the privileges of the contending parties; that, like two battle chieftains of old, these two parties alone are entitled to divide the spoils of war. In this era of advanced civilization, must we admit that, if the contending forces of labor and capital cannot agree as to the matter in dispute, they are entitled to resort to the wage of battle and fight out their controversy by blocking the channels of trade, by stopping the natural flow of the nation's commerce, by paralyzing the industry of the people of the United States and by bringing distress and starvation to the homes of the innocent people of America?

This has been the view point of the past, but as sure as man was born of woman, a new birth has come to the thought and the life of the people of the United States. A reactionary labor leader, or a predatory capitalist, may contend for such positions in the future, but the enlightened thought of clean Americans will wash their hands of the brutality of such transportation controversies for the future, and demand of the government of the United States, in no uncertain tones, that the same government, which protects us from a foreign foe, which was established "to form a more perfect

union, establish justice, insure domestic tranquility, provide for the common defence, promote the general welfare and secure the blessings of liberty to ourselves and our posterity," shall maintain a permanent court in this land where the controversies of all men relating to the commerce among the several states, or to the instrumentalities of such commerce, may be heard, and where the rights of all the people of the United States may be fairly and justly protected. This of necessity is the step forward, and this is the step that must be taken. To say that an organization of 400,000 men can stand in the way of the happiness and prosperity of 100,000,000 people is a proposition that cannot be contended for and maintained in any public forum or sustained in the hearts of the people of the United States.

Then how can the proposition be solved fairly to all concerned? We are not prepared without investigation and consideration to say that labor employed by the railroad transportation companies of America is receiving its full and fair return. We know that there are some employes on the railroad that are receiving low wages, and probably an inadequate pay for the service rendered; we know that their wage has not been increased proportionately with the increased cost of living. On the other hand we know that some of the employes of the transportation companies are receiving a wage that not only supplies their wants, but enables them to live in comfort and even in luxury with few hours of work. As to whether the recent controversy of the men, demanding ten hours' pay for eight hours' service was just or unjust is not a problem that the public or the Congress of the United States is equipped to decide. There can be but one way out, and that is to appoint a tribunal with the power to adjust these matters, which has the time to consider and the opportunity to know the facts. Such a tribunal must not only have the power and be prepared to do what is right and just by the labor employed on the railroad, but must have authority and power to see that invested property is not confiscated by its decisions. For, should you confiscate the property of the transportation companies of the United States, you break down transportation in the same way that you would break it down with a strike, with resultant injury to the public at large.

A tribunal of this kind must also have the authority and opportunity to consider the rights of the shippers and travelers of

America who in the last analysis must bear any increased burden that may fall on the carriage of property or persons over the transportation lines. This tribunal must have the authority and power to protect the rights of the whole people of the United States against the recurrence of lockouts and strikes. What body then is most capable of determining all these questions and fairly adjusting them to the interests of all parties concerned? A Board of Arbitration to be appointed by the employers and employes of the railroad companies of the United States will only look to the matters in dispute between the contending parties, and will not have in mind the ultimate rights of the public. The general courts of the land are not equipped either with the knowledge or the power to obtain information in reference to the cardinal facts that must decide the controversy. If you want a final and fair adjustment of such a controversy, you are practically driven to leaving the decision to a commission that has full and ample opportunity to investigate the rates of wage, the earning power of the transportation companies, the burden that rests on the shipping public, and, after a fair and full investigation to determine; first, what is a fair and living wage for the men, and to how great an extent a fair and living wage may be increased to enable the toilers to secure the higher ideals of life and living; second, how far this charge can be placed on the capital of the corporation without breaking it down, destroying the value of its securities, bankrupting its property, and taking away from the investing public a fair return for capital invested; third, how far an increased charge for labor, interest, or supplies can be handed down to the public without doing injustice to the shipper and traveler, and without becoming a menace to the development of the industry of the country. All of these questions must be determined by a court or by an independent commission, but their findings, except in so far as they may determine the rate of wage that must be paid by the railroad companies, and the rate of wage that must be received by the men if they continue their employment, will be academic because they will have no power to operate on the side of the problem in which the general public is interested. The power to determine what are just and reasonable rates for the transportation of persons and property over the interstate railroads of this country is fixed by law in the Interstate Commerce Commission of the United States. This commission alone can determine whether

the rates shall be increased and whether a charge made against the railroad company shall remain a charge on its capital or whether, in justice and fair dealing, it shall be handed on to the shipping and traveling public.

It is, therefore, clear to me that the same power that has the right to fix the rates of transportation should have the power to fix the rates of wage and the hours of labor on the great transportation companies of the United States, and that this power and this duty should be given irrevocably to the Interstate Commerce Commission in order that it may do justice between employer and employee. The granting to the Interstate Commerce Commission of the power to determine the hours of labor and the rate of wage will solve the problem for the future. Men cannot strike against the decrees of the government. After a fair determination of the controversy by an impartial tribunal, public sentiment would force the contending parties to accept the verdict rendered as final. It must be so in the interest of the happiness of the men involved, the prosperity of the people and the peace of the nation.

Until recently the court of arbitration has occupied the same position in labor disputes that the white flag holds in international law. Both have been the pledge of a higher civilization and their abandonment portends ill to our future progress along lines that lead to the high ideals. The settlement of disputes by arbitration should not be abandoned. It is a step in the direction of law and order, but it is only the half way house to the final solution of the matter we have under consideration. Arbitration cannot solve the greater question of the public rights, and it calls for a controversy before it can be adopted as a settlement of the pending issue. Labor has heretofore appealed to the Congress to fix the hours of labor and the rate of wage in gainful occupations. The Supreme Court of the United States has held that the Congress may by law regulate the instrumentalities of interstate commerce, and there can be no question as to the constitutional right of the legislative power to do so. Let us hope that the Congress will do its full duty and remove this question from the field of uncertainty by giving ample authority to the Interstate Commerce Commission to decide these questions.

The Congress has recently passed a law temporarily granting ten hours' present pay for eight hours' work in the future, with

standard pay for all overtime to the men engaged in the movement of trains; it is said that this increase in wage amounts to 25 per cent of the amount formerly paid and will go to about one-fourth of the men employed by the railroad companies. The combined pay roll of the railroads in the United States amounts to \$1,005,277,249. If the Congress should grant a like increase to all the men employed by the railroads it would amount to something like a quarter of a billion dollars. Such an amount of necessity must be paid by the public or certain if not most of the railroads would go into the bankruptcy court. The railroad men involved have heretofore received fair wages, the average daily wage in the United States having been for engineers, \$5.40; conductors, \$4.60; firemen, \$3.25; and other trainmen, \$3.15. Under these conditions it is only just and fair that the public, which in the end must pay the bill, should be represented in the court of final arbitration. And where else can the public have its day in court if the rate of wage and the hours of pay are not determined by the Interstate Commerce Commission?